

Message Text

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AMEMBASSY PARIS

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FOLLOWING REPEAT THE HAGUE 2826 ACTION SECSTATE MAY 24.

QUOTE: LIMITED OFFICIAL USE THE HAGUE 2826

FROM SULLIVAN TO ADLER AID/ASIA

E.O. 11652: N/A

TAGS: EAID, EFIN, PK

SUBJECT: PAKISTAN CONSORTIUM

1. THE IGGI MEETING HAS PROVIDED ME WITH AN OPPORTUNITY TO TALK TO SEVERAL IMPORTANT DELEGATIONS WITH RESPECT TO THE FORTHCOMING PAKISTAN CONSORTIUM MEETING IN PARIS. AS A RESULT OF THESE DISCUSSIONS, THE FOLLOWING POINTS HAVE EMERGED:

2. ACCORDING TO THE BRITISH DELEGATE HURRELL, THE BRITISH DELEGATION WILL NOT, REPEAT NOT, BE IN A POSITION TO PLEDGE DEBT FORGIVENESS IN PARIS. THIS IS A CHANGE FROM THE BRITISH POSITION DISCUSSED WITH OTHER DONORS IN PARIS EARLIER THIS MONTH. IT APPEARS THAT THE BRITISH GOVERNMENT'S DECISION ON THIS ISSUE WILL NOT BE MADE UNTIL MID-JUNE, TOO LATE FOR LIMITED OFFICIAL USE

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THE PAKISTAN CONSORTIUM MEETING.

3. MY DISCUSSIONS WITH THE FRENCH DELEGATE, MADAME CHEYVIALLE, CONFIRMED THAT THE FRENCH POSITION IS SIMILAR TO OURS ON THE QUESTION OF THE INAPPROPRIATENESS OF USING AN AID CONSORTIUM FOR DEBT DISCUSSION. THE FRENCH HAVE NOT, HOWEVER, ADOPTED THE U.S. VIEW THAT PAKISTAN IS NOT IN DANGER OF IMMINENT

DEFAULT. APPARENTLY THE FRENCH ARE CONCERNED LEST THE PAKIS-
TANIS TAKE UNILATERAL ACTION ON THEIR DEBTS. APPARENTLY FRANCE
IS OWED US\$30,000,000 BY PAKISTAN THIS YEAR, ALL BUT \$5,000,000
IN COMMERCIAL CREDITS. MADAME CHEYVIALLE FEARS THAT IF WE
PRESS FOR A DELAY IN DEBT, THE PAKISTANIS WILL ACT UNILATERALLY.
MADAME CHEYVIALLE HAS SUGGESTED THAT WE MIGHT MEET BEFORE THE
WORLD BANK MEETING ON WEDNESDAY, MAY 31, TO COORDINATE OUR
POSITIONS. SHE MAY BE IN TOUCH WITH LLOYD JONNES AID/OGCD TO
MAKE ARRANGEMENTS. PLEASE NOTIFY HIM.

4. THE GERMAN DELEGATE, DR. KLAMSER, IS VERY CONCERNED ABOUT
THE U.S. POSITION. HE IS AWARE OF OUR POSITION ON GROSS AID
FLOWS, HAS DONE THE ARITHMETIC, AND IS THUS AWARE OF THE
POTENTIAL FOR A NET NEGATIVE FLOW.

5. THE HEAD OF THE JAPANESE AGENCY, MR. MUTO, WOULD SAY
LITTLE ON THE PAKISTAN DEBT ISSUE OTHER THAN TO INDICATE
THAT HIS COUNTRY'S POSITION WAS SIMILAR TO OURS ON THE MATTER
OF THE DANGER OF PAKISTAN'S IMMINENT DEFAULT.

6. THE CANADIAN DELEGATE WANNOP SAID HIS DELEGATION WOULD
NOT BE IN A POSITION TO PLEDGE DEBT RELIEF BECAUSE OF 1) DOUBTS
ON IMMINENT DEFAULT AND 2) LACK OF RESPONSIVENESS BY PAKISTAN
ON ECONOMIC ISSUES. HE INDICATED A WILLINGNESS TO EXPRESS
THIS VIEW EARLY IN THE DEBT DISCUSSION IN PARIS.

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7. COMMENT: I THINK WE MAY HAVE SOMEWHAT MORE SUPPORT FOR
OUR POSITION ON PAKISTAN DEBT THAN WE ANTICIPATED EARLIER.
IT MAY BE POSSIBLE TO ACT IN CONCERT WITH OTHER DONORS IN A
WAY THAT WILL LESSEN OUR IMAGE AS THE VILLAIN OF THIS PIECE.
UNQUOTE CHRISTOPHER

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